



**U.S. Department of Justice**

*United States Attorney  
Eastern District of New York*

*271 Cadman Plaza East  
Brooklyn, New York 11201*

F. #2009R02380

February 26, 2016

BY ECF

The Honorable John Gleeson  
United States District Judge  
United States District Court  
Eastern District of New York  
225 Cadman Plaza East  
Brooklyn, New York 11201

Re: United States v. HSBC Bank USA, N.A. and HSBC Holdings PLC  
Criminal Docket No. 12-763 (JG)

Dear Judge Gleeson:

Pursuant to the Court's January 28, 2016 Order directing the defendants (collectively, "HSBC") and the government to submit proposed redacted versions of the Monitor's First Annual Follow-Up Report and appended United States Country Report (collectively, the "Reports") (Dkt. No. 52), as well as the Court's directions set forth at the status conference on February 9, 2016, the government respectfully submits the enclosed Reports under seal.<sup>1</sup>

In accordance with the Court's Order, the government has redacted the following materials from the Reports: "(1) identifying information about HSBC employees; (2) information detailing the processes by which criminals could exploit HSBC . . . ; and (3) country names and explicit references to confidential material, as identified by [the] foreign jurisdictions." (Order at 14.)<sup>2</sup>

---

<sup>1</sup> For purposes of the record, the government notes its objection to the Court's Order to produce redacted Reports, as well as its objection to the Court's Order that redactions be limited to the categories identified in the Order.

<sup>2</sup> It is unclear from the Court's Order how the affected foreign jurisdictions should be involved in the redaction process, if at all. Nevertheless, as to the third category of redactions that the Court identified, where foreign authorities were unable to review the Reports directly, the government has endeavored on behalf of those foreign authorities to identify "country names and explicit references to confidential material" within the Reports and propose appropriate redactions. These include, inter alia, references to specific countries, bank branches and

The Honorable John Gleeson

February 26, 2016

Page 2

Notwithstanding its filing of the enclosed Reports with proposed redactions,<sup>3</sup> the government respectfully reiterates its request that the Court stay its January 28 Order pending appeal to the United States Court of Appeals for the Second Circuit. (See Dkt. No. 58.) In the interim, the government stands ready to address any further questions or concerns that the Court may have.

Respectfully submitted,

ROBERT L. CAPERS  
United States Attorney

By:                     /s/                      
James D. Gatta  
Alexander A. Solomon  
Assistant U.S. Attorneys

M. KENDALL DAY  
Chief, Asset Forfeiture and Money  
Laundering Section  
Criminal Division  
United States Department of Justice

By:                     /s/                      
Laura Billings  
Trial Attorney

Enclosures (submitted under seal)

cc: Clerk of the Court (JG) (by ECF)  
All counsel (by ECF)

---

employees, various third-party entities and individuals (including bank customers and correspondent banking institutions), and the filing of Suspicious Activity Reports.

<sup>3</sup> In order to facilitate the Court's review, information that the government proposes redacting has been transparently highlighted in the enclosed Reports. To the extent that the Court approves the proposed redactions, the government is prepared to produce versions of the Reports in which the redacted materials are appropriately screened.